

CIRIEC STUDIES SERIES 1



## INTRODUCTION

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## Introduction

Philippe BANCE\*

Recent decades have been characterized not only by the increasing spread of liberal economic conceptions and their worldwide ascendancy in public policy, but also by emerging issues revisiting economic analysis and public policies, in particular on the basis of potential opportunities arising from the production of global public or common goods (or “commons”). To respond to the global issues of sustainable development, the United Nations Development Programme (UNDP), in the 1990s, advocated rethinking public policies within the framework of global public goods (Kaul *et al.*, 1999).

The concept of global public goods in standard economic theory holds the double characteristic of non-exclusion and non-rivalry of consumption; this calls for public action in order to compensate the market failures that induce the insufficiency of their production (and thereby limit access to their consumption). However, the UNDP broadens the standard approach by not restraining this production need solely to technical characteristics. It also confers on public goods social characteristics that necessitate their production for socio-political reasons, to meet the needs of equity (Ballet, 2008) between countries, populations and citizens of the world. The UNDP thus calls attention to the necessary participation of all actors in the decision-making process and the distribution of the benefits of public goods (Thoyer, 2011).

This approach, nonetheless, neglects the possible role of organizations in this production of global public goods. This lack of consideration concerns particularly hybrid organizations of the public and the social economy, i.e. organizations in a position to pursue sometimes compelling general-interest missions and to satisfy commercial considerations. By way of example, the choices made as regards public action to prevent global warming are largely based worldwide on the creation of pollution rights markets, and by that very fact on a fundamentally commercial rootedness of public policy, the results of which now appear, after nearly two decades of implementation, not very convincing at all. The production of public services, public enterprises and, in a more general way, the role of structures with capacity allowing the public authorities to implement or steer policies towards

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sustainable development and the improvement of the well-being of populations deserve to be reconsidered and are indeed currently being rethought.

At the same time, the works of E. Ostrom and her disciples have sparked increasing interest through their focus on the merits of common goods and by giving the lie to the theory of the tragedy of commons: they show that commons are a source of wise management of the resource in allowing, for instance, the development of participation-driven actions espousing non-commercial principles, actions with territorial proximity designed to meet the needs of populations. The common is here, in fact, defined as a good displaying three main features: the sharing of the resource, the nature of the rights and obligations linking the participants and, finally, a form of governance allowing participants to ensure respect, over time, of the system of rights and obligations that regulate it (Coriat, 2015).

The common is, in that perspective, a good shared for itself, the product of individual interactions ensuring the sound governance of organizations providing or managing it, while the global public good is accessible to all for the purposes of the general interest, without necessarily being the object of a form of governance allowing the resource to be managed efficiently. Ostrom and her disciples thus see the management of the resource by the common as a higher form of property, arguing against the theory of property rights that upholds the intrinsic superiority of private property. However, as Weinstein points out (in Coriat, 2015), this type of affirmation is still insufficiently supported, and there are also questions to be answered about the capacity of the governance of commons to be able to lead to: one, discarding the commercial development logics of contemporary economy and, two, meeting the needs of an active production of global public goods and managing them efficiently in order to contribute towards sustainable development. The commons, moreover, occupy a small space in today's economy and, if they happen to acquire greater importance in the future, there is also the risk of their drifting off and becoming absorbed by the traditional commercial market.

Rather than reasoning in terms of the supremacy of one form of property over another, it is more relevant to question the deployment of public policies contributing to the extension of the coproduction or joint production of commons and global public goods, next to private production, according to modes of governance that meet the expectations of sustainable development and of the general interest.

The above analytical developments give great relevance to the research themes that are those of CIRIEC's tradition and intrinsic vocation, namely to analyze how to best serve the general interest under the auspices of collective organizations of public and social economy. Without going into too long a presentation of the past work done in this respect by CIRIEC, two collective books should be highlighted: Monnier and Thiry (1997) and Enjolras (2008). Then, in early 2016, the CIRIEC International Scientific Council decided to launch a call for papers to carry out a research leading to the publication of this book which deals with the modalities and effects of the

deployment of new cooperation modes between public and social economy organizations to produce common and public goods. The present collective book is intended to analyze how and why the action of public and social economy organizations is a source of renewal in the conduct of policies of general interest in the economy of the 21st century. The research also deals with the potential of these partnerships without neglecting their limits.

In this perspective, the book brings together experts from a variety of backgrounds: their analyses are based on theoretical and applied contributions in various sectors (finance, health, services, forest economy); coming from all over the world (Europe, Japan, South America); their methodologies are diverse, presenting theoretical developments, case studies or various examples to prove the pertinence of their analysis. Nonetheless, the diversity of point of views leads to shared diagnoses that show that the globalization of the economy is a source of “regularities” and in particular of transformation of public policies leading to the decompartmentalization of the action of the organizations of public economy and social economy producing public goods and commons. This also leads to identify new forms of meeting of the general interest, strong mutations of the organizations assuming the actions that can contribute to the production of commons and public goods, the need to rethink this production around multiple actors and new modes of governance.

To study transformations in progress in the new economy and emergent questions that arise, the book is structured in four parts.

- The first part examines the territorialization of public and social organizations and various ways of shifting the frontiers between public economy and social economy, observable during the last decades. Further, the deployment of new public policies has reinforced their territorial anchoring.
- The second part of the book focuses on the need of radical transformation of the finance sector caused by the specificities of this sector as public good or commons and its impacts on society.
- The third part studies the consequences on identities and behaviors of partners of the emergence of new forms of cooperation between public authorities, public organizations and social economy organizations.
- The fourth part analyzes the transformations of governance modes, due to the new multi-actors context, to partnerships and forms of emerging organizations.

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The **first part** begins with a chapter titled “*The contribution of the non-profit sector in narrowing spatial inequalities: four cases of inter-institutional cooperation in Italy*”. Andrea Salustri and Federica Viganò examine how the public sector might fail in narrowing spatial inequalities, and how both underdeveloped markets and urgent territorial needs create in peripheral areas robust individual incentives to turn towards non-profit activities or even household production. It shows that in all these situations, a well-developed non-profit sector can offer marginalized or excluded

social groups a legal and ethical opportunity to obtain a decent income by offering rewards (monetary or non-monetary) in exchange for volunteering, allowing households to afford the cost of living. Four Italian cases of successful cooperation among social and solidarity economy (SSE) institutions on one side, and the private and the public sectors on the other side show notably how they facilitate the development of the non-profit sector by contracting out part of the production process to reduce costs and achieve a higher level of effectiveness.

The second chapter by Pascal Glémain *“The Work Integration Social Enterprises as “Learning Organizations”* shows that the model of sustainable development implies political support from local authorities to the actors of the territorial dynamic, i.e. the social and solidarity economy’s organizations with their potential of transformation at the economic, social and environmental level. In this perspective, social enterprises as learning organizations involved in the field of integration through the economic sphere appear like “firms” at the heart of the features of territorial and local development processes. They are dialogue organizations, as much top down as bottom up, in servicing employment through labor learning processes. The case of the « *Ateliers et chantiers d’insertion* », which are supported by the institutions of the French network *Chantier école*, permits to demonstrate this phenomenon.

The third chapter by Ancuța Vameșu, Cristina Barna and Irina Opincaru, *“From public ownership back to commons”* is an analysis of the re-institution, in Romania, after 50 years, of forest commons. This chapter analyzes these forest commons as social and solidarity economy organizations and shows their capacity to provide a viable framework for sustainably managing common resources under a significant economic pressure. It shows how the collective production of norms in these new organizations impacts the sustainability of the management of natural goods and permits to produce new goods and services of interest for the community. The commons allow the development of building projects, mixed farming, support for farming, and succeed to take into account as much the economic and social as the environmental objectives.

The last chapter of the first part by Shinichi Saito, Munenori Nomura, Fumitoshi Mizutani and Francis Rawlinson *“Redefining the borders between public, social economy and for-profit organizations in the provision of public services”* demonstrates the shifting roles by the Japanese public sector from direct service provider towards supporting intermediary. After a strong direct intervention of public authorities in public services, institutional reforms in the field of public services make possible the private participation, particularly in some rural areas facing major difficulties in maintaining public services including public infrastructure. Alternative ways, namely the restructuring and the foundation of “social businesses”, are thus explored. This extends the former concept of Public Private Partnership (PPP) from the relationship of private operators and the public sector to a mutual relationship with social enterprises which are independent of the private commercial companies.

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The three chapters of the **second part** of this book give arguments to better take into account the characteristics of this particular sector of finance to transform it, permitting to serve the general interest.

Faruk Ülgen in his chapter *“Financial stability as a global public good and relevant systemic regulation as a problem of collective action”* suggests an alternative approach to financial economics by adopting a public service and collective action view of financial markets in a globalized environment. He argues that financial stability is a peculiar (global) public good that every member of society needs, but no one can provide at individual level. Financial stability then requires a specific public service organization that must design and manage the production and maintenance of financial activities (going from bank credit to enterprises and households to financial intermediation activities, including pure speculative operations) through collective action, in order to ensure a socially coherent working of financial markets. An institutionalist analysis is used showing that the path of economic development is closely determined by financial markets’ evolution. This demonstrates that public action as well as private strategies are all relying on a given financial framework and on its sustainability which depends on the stability of market operations.

In the second chapter, *“Understanding financialization and its impacts on Social Economy”*, Manuel Belo Moreira analyzes, in a political economy perspective, the role of neoliberal ideological hegemony on the development of financialization and its impacts on social economy. He shows the ways in which the ideology not only influences academic thinking, but goes well beyond, by shaping the “common sense” and therefore reinforcing its dominance, and finally why, in spite of its negative effects meriting the rejection of the majority, the ideology is nonetheless reinforced. In this context, the impacts of financialization on social economy are drawn by reflecting about the main differences between the different social economy branches and how they can be affected by neoliberal ideology and policies. The author also suggests to separate the institutions of social economy that do not compete with profit firms from the institutions that by competing on the market could function as an alternative to capitalist enterprises.

Bernard Paranque closes the second part of the book with a chapter on *“Finance as a ‘commons’ understood as ideal-type for emancipation”*. He uses an ideal-type approach to analyze ‘interstices’ in which emancipation could appear in the transformation of finance. The question is how usage value can escape from the domination of exchange value, and how another kind of private property freed from capital could be promoted. He refers to the research based on the ‘commons’ to open new prospects, in particular concerning finance as a commons, in order to reform on this basis the dominant financial theory. The development of knowledge about finance should be based on recognition of the diverse nature of coordination methods and on the various ways in which milieu, history and institutions allow relationships with third parties. This should conduct, at the macrosocial level, to conceptually redesigning financial objects (currency, credit, value) and, at the

microeconomic level, to the emergence of new ways of doing business, cooperating, and running organizations.

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The **third part** of this study regroups four chapters concerning new forms of cooperation, their impact on identities and behaviors of partners of public and social economy, and finally the qualities of such co-operations for service provisions.

Philippe Bance, Jean-Philippe Milésy and Christelle Zagbayou enquire in a first chapter *“The development in France of partnerships between public and social economy organizations and the new paradigm of public action”*. They explain why and how the institutional and social transformations during the last decades, with the advent of the new public management, are at the origin of new forms of cooperation between public and social economy organizations. Today, public and social economy partnerships are encouraged by public enterprises, public non-market organizations or public authorities, which see those as a means to extend public service delivery in a general context of reducing financial resources. As shown by multiple examples, various forms of cooperation between organizations permit to maintain or increase public service provisions for the benefit of citizens. But this new model raises three main interrogations: the capacity of social economy organizations to retain their own identity; the resilience of the fundamentally centralist conception which permeates the French model; and last, the banalization of social economy organizations which limit the ability to co-construct the general interest with the different partners.

Monique Combes-Joret, Laëticia Lethielleux and Anne Reimat, in their chapter *“Cooperation strategies between public and social economy organisations”*, analyze how these organizations could cooperate in a sustainable manner. First, they review the literature to identify the ideal type of sustainable cooperation, *i.e.* preserving the identity of social economy organizations and allowing a consensus regarding objectives, decisions, and the implementation of public policies. Then, they apply this framework to three case studies: i) the cooperation, based on a partnership, enables the co-construction of public policy; ii) the cooperation, also founded on a partnership, is oriented toward complementarity rather than co-construction; iii) the cooperation, based on contracting, leaves less room for the preservation of non-profit organizations’ identity. The case studies reveal both the difficulties of cooperation, and some conditions for sustainable cooperation, in particular the ability of social economy organizations’ identity to influence the relationship towards exchange and co-construction.

Malika Ahmed Zaïd, looking at the *“Co-construction of the general interest and social innovation forms in Kabylia”* (Algeria) discusses the conceptualization and the co-construction conditions in this territory basing on an enquiry nearby the associations and the concerned public stakeholders. After a characterization of the social innovations carried out by social economical organizations in relation with public offer, she points out the impacts of these innovations on the community and the territory, which depend on institutional predispositions for shared territorial



governance integrating the innovations while providing the economic and social services. The contributive capacity of the public economy and social economy organizations to the construction of public interest policies, and the interaction with different partnership forms (public community, social public and international public) are observed in three territorial case studies, by different forms taken by the institutionalization of this innovation for public authorities.

Juan Fernando Álvarez, Miguel Gordo Granados and Hernando Zabala Salazar analyze, in the last chapter of the third part, *“The institutional organization of health in Colombia and its disconnection with the common good and mutuality”*. They study the provision of health services by looking at the market orientation promoted by the legal framework, the effects it has on the general interest, and the tendency towards the deterioration in the provision of services. From an institutional point of view, they point the governance inefficiencies and the disconnection with respect to the principles of the general interest and common goods, and thus the disincentives for optimal service benefit. In this context, the organizational logic of mutual associations would be more consistent with the principle of general interest. However, the monopoly logic of the capital leaves too narrow space to the solidarity organizations. Under appropriate institutional framework, mutual associations can generate institutional arrangements aimed at mitigating the effects of the merchandizing health services, capitalist organizational uniqueness, and at optimizing relations between public agencies and citizens.

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The **fourth and last part** of this book counts three chapters which are dedicated to the important question of “transformations of governance modes in a multi-actors context”, caused by the new co-operations.

In her chapter titled *“Multi-stakeholder governance of the commons, a pragmatic approach”*, Alexandrine Lapoutte considers commons that have to compose with the different logics of multiple stakeholders within a horizontal governance. After explaining the main features of pragmatism, and especially the concept of inquiry, she proposes a theoretical contribution underlining the relevance of a pragmatist approach to understand the governance of the commons and the paradigm shift observed in the cooperation between public economy and social economy for the development of commons and public goods. The good governance of the commons relies on problem solving devices and discussion settlements. The commons are seen as hybrid organizations, a promising way of organizing, yet experiencing intense internal conflicts. A pragmatic point of view brings the ability to overcome this difficulty since it allows to collectively address a situation, define and resolve a problem through inquiry. Beyond a contractual understanding, it renews the foundation of the stakeholder approach by suggesting to take into account experience and social interaction.

In the following chapter, Jean-Claude Boual and Cathy Zadra-Veil analyze the transforming governance mode introduced by *“New hybrid organizations in the social and solidarity economy in France”*. Indeed, since 2001, a new form of firms, not private and not public, is created in France: cooperatives of collective interest firms. They are based on a cooperative model with several shareholders producing or supplying goods or services in the interest of the community. As hybrid organizations, they allow openness between the different economic actors in a territory. Other forms of mixed (semi-public) economic firms emerged in 2014, shaking the traditional borders between the economic actors. One of these innovations is the “living labs”: they are defined as user-centered, open innovation ecosystems based on a systematic user co-creation approach, integrating research and innovation processes in real life communities and settings. They are intermediaries among citizens, research organizations, companies, cities and regions for joint value co-creation, rapid prototyping or validation to scale up innovation and businesses.

The last chapter of the book, by Pierre Bauby, deals with the *“Conditions of convergence between public economy and social economy organisations”*. From a political science perspective, two organization and operation models of social and economic activities (public economy and social economy organizations) are examined looking at the possible convergences that could satisfy the societal needs of the 21st century. Recalling the basic features of public economy and social economy, their histories and relationships, this chapter analyzes the conditions of a successful hybridization of their action, in particular by a participative governance. From a country to another, participative governance can take different forms: open meetings of local councils, referendums, on line expression, public meetings... But it supposes consultations, debates, popular expression of needs, complaints handling, election of users committees and digital means to obtain the awaited objectives.

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